

Annual report 2001

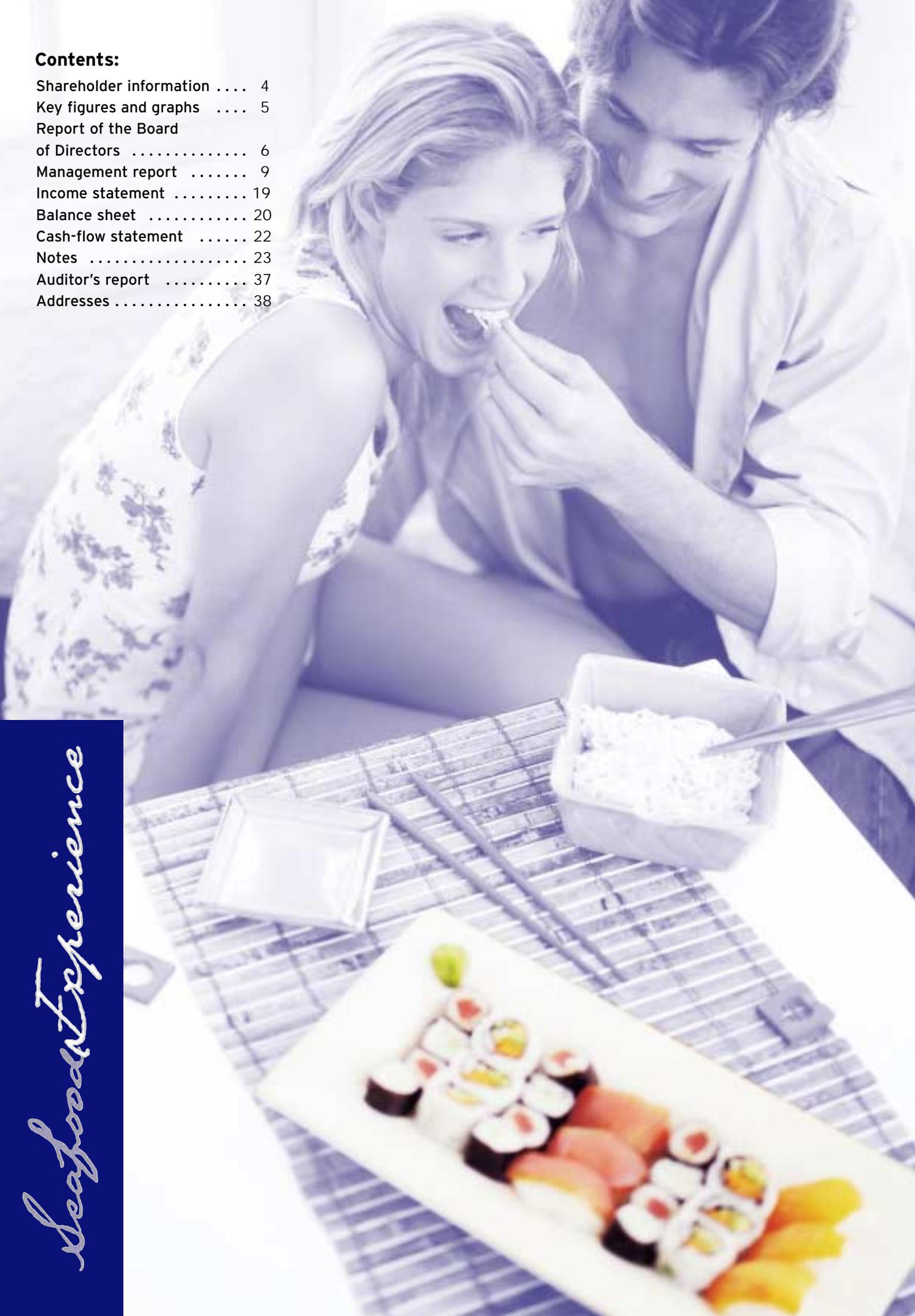


Seafood Experience



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Seafood Experience

HISTORY

The Lerøy Seafood Group can trace its existence back to the end of the last century, when Ole Mikkel Lerøen, fisherman and farmer, began to sell live fish at the Bergen Fishmarket. He towed his own catches and fish he had bought from other fishermen in fish-cages behind his rowboat from the island of Lerøy to Bergen, a trip that could take six to twelve hours, depending on the wind and tides.

Ole Mikkel Lerøen's activities gradually expanded to include retail sales in Bergen, sale of live shellfish and the beginning of an export trade. In 1939, two of his employees, Hallvard Lerøy Sr. and Elias Fjeldstad, founded what is

now the group's main company, Hallvard Lerøy AS.

Since its foundation, this company has been a pioneer in several areas of the Norwegian fishing industry. Its main focus has always been on the development of markets for fresh and frozen seafood products, and the company has often been the first to penetrate new markets, or to commercialise new fish species.

The pioneering spirit is still very much alive in the Lerøy Group, which was the first company to export fresh salmon to the US market and to airfreight salmon by chartered flights directly to Japan.

Financial highlights

All figures in NOK 1,000	2001	2000	1999
Operating revenues	2 530 457	2 721 621	1 948 957
EBITDA	71 791	47 099	38 487
Operating profit	64 785	40 907	33 595
Profit before tax	56 630	51 750	36 373
PROFIT FOR THE YEAR	40 877	40 409	28 228
Earnings per share	2,10	2,30	1,89
Diluted earnings per share	2,08	2,26	1,88

Shareholder information

It is the goal of the Lerøy Seafood Group to create financial values for its shareholders, staff and the community with the help of continued growth and improved profitability. The Lerøy Seafood Group aims to provide a satisfactory rate of return from all its activities. The yield to shareholders ought to be reflected in the added value generated by the company through dividends and share price appreciation. The dividends paid should reflect the company's growth and profitability.

The company's dividend policy implies that over time, dividends should be in the range of 30 to 40 % of the net profits after tax. However, care must be taken throughout to ensure that the company operates in line with good financial contingency planning as a guarantee for new and profitable investments. In the long run, wealth will be created more in the form of a rise in share values rather than in declared dividends.

On-going structural changes in the global industry in which the company operates make it essential for the company at all times to maintain adequate financial planning. This in turn requires a close relationship with the company's shareholders and the capital markets. The company has always stressed the importance of maintaining the confidence of its financial partners, and thus also access to necessary financing on favourable terms.

Stock exchange listing

This year, in line with the company's plans, the Board of Directors intends to submit its application for listing on the Oslo Stock Exchange.

Shares

As of 31 December 2001, Lerøy Seafood Group ASA had issued 19,440,767 shares. All the shares carry the same rights. At 31 December 2001, the company had 279 shareholders.

RISK per share

The following RISK values apply to the shares:

01 January 1996	NOK 0.00
01 January 1997	NOK 1,592.60
01 January 1998	NOK 3.50
01 January 1999	NOK 1.14
01 January 2000	NOK 0.83
01 January 2001	NOK 0.89

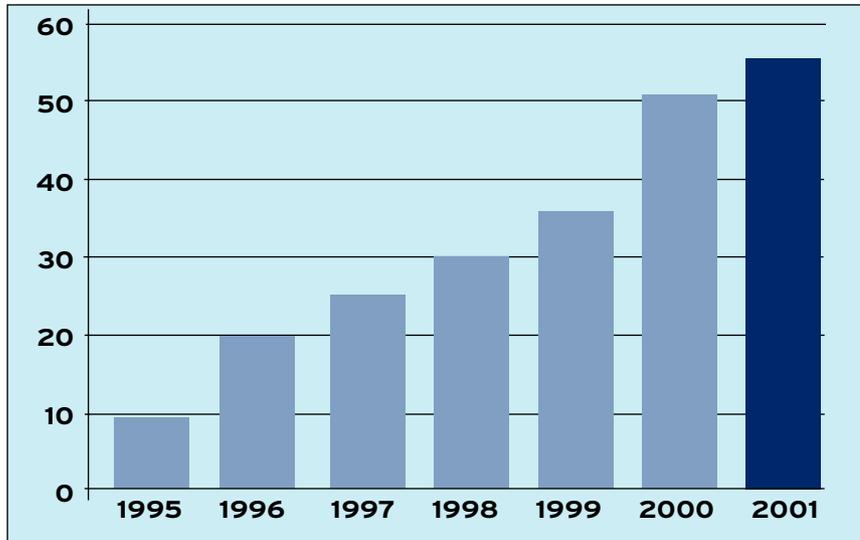
The following adjustment factors are used when redistributing RISK amounts following share splits:
Share split on 11 May 1998, factor 0.10000
Share split on 30 June 1997, factor 0.00100

Information

Lerøy Seafood Group ASA places great emphasis on correct and open information to shareholders and the market in general. Prompt, relevant and current information is to form the basis for the evaluation of the company's share. Lerøy Seafood Group will inform its shareholders through annual reports, quarterly reports and presentations, when this is appropriate. Furthermore, press releases will be issued whenever appropriate.

Key figures and graphs - Lerøy Seafood Group

Pre-tax profits (NOK mill.)

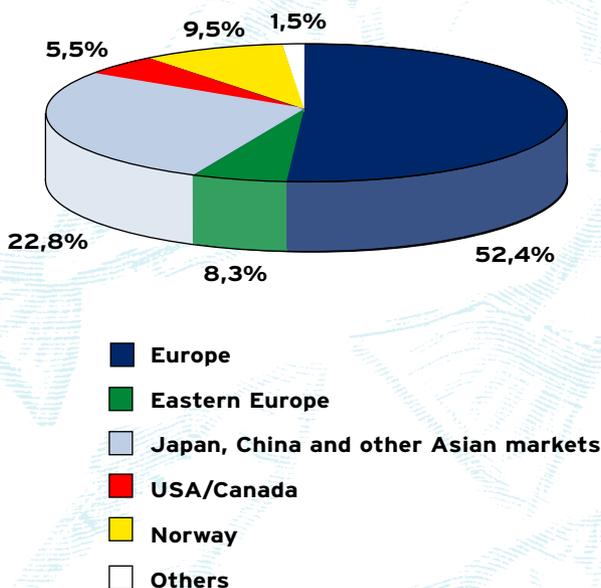


Key financial figures

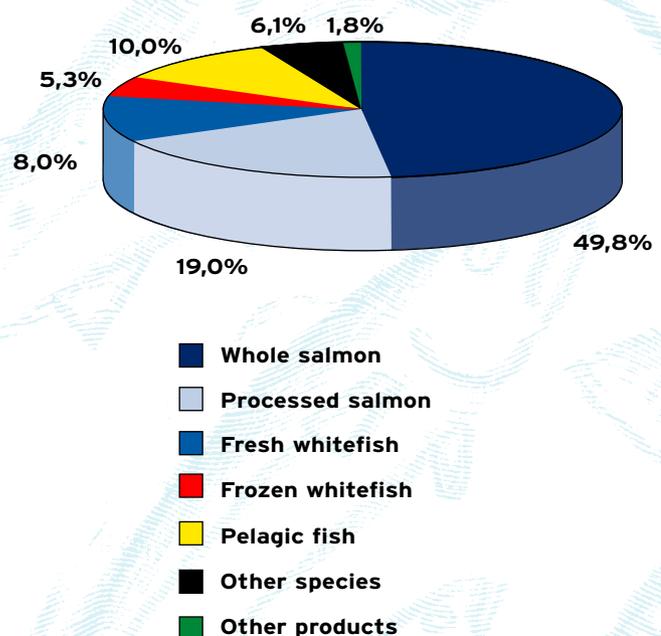
	2001	2000	1999	1998	1997
Profit margin	2,24%	1,90%	1,87%	1,74%	1,47%
Operating margin	2,56%	1,50%	1,72%	1,80%	1,94%
Earnings per share ¹⁾	2,10	2,30	1,89	1,40	1,26
ROCE ²⁾	15,89%	18,53%	24,49%	22,88%	21,97%
Equity ratio	41,31%	43,64%	32,93%	36,08%	32,80%

1) Based on average number of shares outstanding
 2) Return on capital employed

Operating revenues by market



Operating revenues by product group



Report of the Board of Directors

Financial summary

In 2001, operating revenues for the Lerøy Seafood Group amounted to NOK 2,530 million, a decline from NOK 2,722. The decline in sales is modest seen in relation to the sharp fall in prices for Atlantic salmon. Consolidated operating results for the Group were NOK 64.8 million in 2001, an improvement from NOK 40.9 million in the year 2000. The Group's operating margin in 2001 was 2.56%, compared to 1.50% in 2000. The very weak price situation for Atlantic salmon and trout in 2001 meant that the Group failed to achieve a satisfactory return on its financial assets. In 2001, the Group's share in the results of affiliated companies thus led to a loss of NOK 1.6 million, a reduction from NOK 13.1 million in 2000. Profit before tax was NOK 56.6 million, compared to NOK 51.8 million in 2000, corresponding to a 9.4% growth in profits.

The year's profit corresponds to earnings of NOK 2.10 per share, compared to NOK 2.30 per share in 2000. In the course of 2001, the number of shares rose from 14,951,360 to 19,440,767 shares. In 2001, the return on the Group's capital employed is a satisfactory 15.89 %. The Group's financial position is sound, with equity capital amounting to NOK 322 million, giving an equity ratio of 41.31 %. The Board proposes that the dividend for 2001 should be NOK 0.60 per share, for a total of NOK 11,664,460.

Core business

The Group's core business consists of product development, sales, marketing and distribution of seafood. To ensure continued profitability through growth, the Group's Board of Directors and its management have continued their long-term work in developing and adjusting business systems to the requirements of the national and global situation. The Group is an actor in a global industry in which the demands for risk management and long-term development of strategic business processes are considerable. The Group's acquisition of Allt i Fisk AB and Fiskgrossisterna i Stockholm AB represent last year's strategic initiatives to support and strengthen the Group's core business and thus its market position in Sweden, an important market for Norwegian fish.

An important premise for ensuring that the seafood industry fully exploits its substantial potential is to make it more market-oriented. The Board believes that the Group has developed a strong market orientation through its many years of work on network cooperation, development of quality products,

market development, quality assurance and brand management. The Group will also in the future focus mainly on developing and improving the efficiency of its well-established market organization in order to safeguard cost efficiency and quality at all levels, thus satisfying our customers' needs and increasing profitability for the Group's shareholders and important partners.

The Board will also in 2002 consider actions such as strategic investments, mergers and the like. Strategic measures shall strengthen the Group's core business. To ensure strategic freedom, the Board is working on raising additional capital in connection with the company's plans to list its shares on the Oslo Stock Exchange.

The year's investments in financial assets

Together with partners, the Group established Norskott Havbruk AS, and through this company made a substantial investment through the acquisition of Scottish Sea Farms Ltd (50 %). Scotland's second largest farmed fish company, Scottish Sea Farms Ltd. is an interesting company with great earnings potential, a potential that the owners, together with the company's able management and employees, look forward to continuing to develop. Moreover, the Group has invested in the Scottish fish farm Hjalmland Seafarms Ltd (11 %) and in Egersund Fisk AS (27%), a company engaged in pelagic operations.

Employees

At the end of the financial year, the parent company Lerøy Seafood Group ASA, with its head office in Bergen, had no employees other than the Group Managing Director. There were 253 employees in the Lerøy Seafood Group at the end of the year compared to 152 at the same time in 2000. The sharp rise in the number of employees is a result of the acquisition of the two Swedish distribution companies. This year, too, the Board wishes to underline its appreciation of the contributions made by the staff of the Lerøy Seafood Group in 2001. Individual flexibility and effort have proved vital in meeting the demands of changing business conditions.

Health, safety and working environment

No industrial accidents have been registered among the Group's employees in 2001. Total time lost due to illness in the Norwegian subsidiaries amounted to 5.3 %, 2.7 % because of short-term absences and 2.6 % due to long-term absences. The foreign subsidiaries do not keep statistics on time lost due to illness. The company's organisation is

under continuous development to ensure that it will be able to deal with new challenges. The working environment and cooperative atmosphere are good.

Environment

The Lerøy Seafood Group does its best at all times to try to keep up with the changing requirements of the authorities regarding environmental investments. The company's operations are closely linked to natural conditions in Norwegian and international waters. The group operates within the limits of its emission licences.

Annual results and allocation of profits in Lerøy Seafood Group ASA

In 2001, Lerøy Seafood Group ASA made a profit of NOK 18.2 million compared to last year's results of NOK 12.3 million.

The Board proposes that the profits for 2001 be distributed as follows:

Dividends, NOK 0.60 per share	11,664,460
Transfer to other equity	6,520,746
Total allocation	18,185,206

Operations to date in 2002 and prospects for the future.

The Group's level of activity is good and the Board considers future prospects for the Group to be favourable. The accounts have been submitted on the assumption of

continued operations. In the short term, the uncertain market situation for Atlantic salmon, particularly in relation to markets within the EU, may have an adverse effect on the Group's results. As in previous years, the results of the second half of the year are expected to be better than those in the year's first six months.

Our subsidiary Hallvard Lerøy AS entered into an agreement with the EU Commission in 1997 concerning the sale of Norwegian salmon to EU markets. This agreement came into effect on 1 July 1997 and will run for five years. Today there is considerable uncertainty as to whether the agreement will continue in its present form. It is important that the industry and Norwegian authorities work for long-term and forward-looking solutions without trade barriers, thus providing opportunities for continued growth and further wealth creation.

In 2001, the Group exported a broad range of seafood products to more than 40 countries, the largest markets being Japan, France and Sweden. The demand for the Group's products is good. Competition in the international market for foods is fierce, but the market for seafood shows good growth and Lerøy Seafood Group is continuing to expand its position. In line with the Group's plans, the Board of Directors intends to apply to have the company listed on the Oslo Stock Exchange in the course of the current year.

Bergen, 21 mars 2002

The Board of Lerøy Seafood Group ASA



Svein Milford
Svein Milford
(Chairman)



Hallvard Lerøy jr.
Hallvard Lerøy jr.



Leif O. Strand
Leif O. Strand



Fons Brusselmans
Fons Brusselmans



Hans Petter Vestre
Hans Petter Vestre
(employee representative)



Ole-Eirik Lerøy
Ole-Eirik Lerøy
Group Managing Director
Lerøy Seafood Group ASA



Management Report 2001

1. Consolidated businesses

Core business

The Group's core businesses encompass product development, and the sale, marketing and distribution of seafood. The Group operates through subsidiaries in Norway, Sweden and France and through a network of sales offices that ensure its presence in the most important markets. The Group's goal is to satisfy the customer's requirements for cost-effective and continuous supply of a wide range of high-quality seafood products. The Group's global sales network allows it to act as an efficient supplier with a wide geographic reach, thus reducing the risk for the Group and its partners. Lerøy Seafood Group will maintain its geographic reach, but will also continue to use its resources to focus on selected markets with a view to maintaining or expanding its market shares. Developments in the world's food markets demonstrate the increasing demands on marketing and the need for different strategies, depending on the geographic markets and the products with which one is working. Lerøy Seafood Group will therefore also in the future strive to provide its customers with cost-effective, individual and forward-looking solutions, thus providing the Group and its partners with the best possible opportunities for growth.

Geographic reach

Product-range

The Group divides its products into the main sectors of salmon products, whitefish, pelagic fish and shellfish. The distinction between farmed species and wild fish is significant and requires different logistic systems and working methods. These products are distributed in the Norwegian market and more than 40 other markets worldwide. The broad range of products offered by the company provides advantages in most market areas. The company's strategy is to meet the market's ever-increasing demands for quality, range of products, cost efficiency and continuity of supply. This is achieved by coordinating the Group's sales network with established strategic alliances with sea farms, fishing vessels and fish processing plants all along the coast of Norway. The Group's business systems are under constant development.

Risk management

The Group is working actively to ensure that systems and routines safeguard profitability. As the industry is in such rapid growth, the demands for risk management are considerable in several areas. Traditionally, the Norwegian and large parts of the international seafood industry have been seriously undercapitalised, with a corresponding high level of financial risk. This is not consistent with the demands placed on the industry. Lerøy Seafood Group has always emphasised the need to secure the confidence of its financial partners, thereby gaining access to necessary outside capital on good terms. The company's financial contingency planning, both now and in the future, will make it possible for the Group to take part in the structural changes within the industry that will be necessary in the future.

Trades barriers

There is very considerable potential in the seafood industry, but if this is to be exploited to its fullest, new products will have to be created and developed in parallel with the development of new markets. The political trade barriers imposed on the Norwegian fish farming industry by the powerful political forces represented by the EU also underline the need to open up new markets.

In 1996, action taken by Scottish and Irish fish farmers to set up trade barriers against Norwegian fish farmers led to the EU's Fisheries Commission opening an inquiry into dumping allegations levelled at the Norwegian fish farming industry. The outcome of this inquiry was an agreement signed by the European Commission and Norwegian exporters in 1997, the purpose of which was to ensure that Norwegian farmed fish was not sold below a fixed minimum price and that sales of Norwegian farmed salmon to the EU did not increase by



more than 10 % p.a. over the period of the agreement. In connection with the agreement, it was also agreed that the duty on salmon exported to the EU should increase from 0.75 % to 3.0 %. In addition to the politically motivated trade barrier that this agreement represents, the Norwegian aquaculture industry is also experiencing domestic restrictions on production in the form of feed quotas and fish density regulations. At the time of writing, there is some uncertainty as to how the EU will regard the agreement during the remainder of its life and what framework will be in force after its expiry. If this industry is to remain competitive and continue its wealth creation, Norwegian authorities will have to take steps to ensure that conditions are favourable in a long-term perspective. In the long run, the industry will not be able to live with such a costly framework. Norway has, as a nation, lost market shares in recent years as a producer of farmed salmon and is constantly being challenged by countries that provide their industry with a much better political framework.

Fresh products

Lerøy Seafood Group sells mostly fresh seafood products, at present more than 75%, and expects this share to increase in coming years. In addition, there is a clear trend towards a higher level of processing throughout our range of products. Through many years of systematic marketing work, Lerøy Seafood Group has built up a sound position within this product area. As the degree of processing rises, regardless of type of raw material, more and more stringent demands are made on those involved. Standards of cost efficiency, quality and long-term commitment through continuity of supplies will increase in both the production and marketing areas. In addition, a high degree of processing also demands closeness to the market and good logistics solutions. The Group works with high demands on cost efficiency and continuous product development.

Processed salmon

Whitefish

After Atlantic salmon, whitefish is the second largest product area for Lerøy Seafood Group. In recent years, this product group has developed favourably and involves cooperation with a number of small and medium-sized companies. Our association with these businesses will be expanded and it is hoped that this will provide many positive opportunities in the future. At present, whitefish farming is a relatively modest business area, but one that is expected to show positive growth in coming years, thanks to the industry's ability and will to be innovative. The Group believes that in the long run, the production of farmed cod and halibut will be substantial. The increased demand for whitefish will to a large extent have to be satisfied by the aquaculture industry.

Pelagic fish

Growth in the product area of pelagic fish has been good throughout 2001. The prospects for stable, acceptable earnings combined with a considerably improved credit situation in several of the main markets for pelagic fish have again made this product area attractive. In the long term, the company sees a possibility to improve the utilisation of pelagic products by focusing more strongly on long-term product development combined with improved market diversification. This work will have to take place over several years.

Lerøy Seafood Group is a leading supplier of fresh pelagic fish to both the Norwegian and European markets. The supply of fresh pelagic fish represents a small but interesting niche product.

Throughout the year 2001, Norway has maintained its position as the world's leading producer nation of the company's main product, farmed Atlantic salmon. Even when the figures include wild salmon, Norway remains the largest supplier of Atlantic salmon.



Lerøy Seafood Group was the largest exporter of Norwegian fish from Norway also in the year 2001.

*Acquisitions/
new offices*

The acquisition of the two Swedish companies Allt i Fisk AB and Fiskgrossisterna i Stockholm AB improves the Group's ability to provide cost-effective distribution of seafood in the important Swedish market. The establishment of the Group's first sales office in the USA (Boston) in September 2001 provides the Group with a better opportunity to develop a stronger position in this important market for Norwegian fish.

Hallvard Lerøy AS

Hallvard Lerøy AS is the largest company in the Group, with a turnover of NOK 2,088 million in the year 2001. During the year under review, the company showed sound growth, achieving pre-tax profits of NOK 55.2 million. All the company's operations registered positive growth. Hallvard Lerøy AS, located at the Group's head office in Bergen, has been a market-focused organisation since 1 January 1996. This form of organisation focuses on the customers and their needs, and forms the basis for cost-efficient servicing of the individual customer. The market's need for product range is satisfied through the Group's wide range of products

Know-how

International sales and marketing demand various forms of expertise and a high degree of flexibility. For this reason, our organisation consists of people from different sectors of trade and industry with different formal backgrounds and experiences. As the company is engaged in a global industry in which conditions are constantly changing and developing, it is important that our staff maintain and extend their skills and competencies. Our organisation can be described as young but experienced. Constant changes in the company's operating environment require dynamic and flexible professionals who are willing to learn, and Hallvard Lerøy AS' employees meet these requirements. They are dedicated to improving the company's competitive skills and results and to making sure that the company will be able to satisfy future demands, and thus also the company's long-term profit targets.

*Profit
focus*

With the aim of meeting future developments in the world food markets, the company is seeking to develop its organisation through projects linked to the company's strategic goals.

*Sales-
network*

The Group's global sales network is represented by the Hallvard Lerøy AS sales offices in a number of countries. The company has sales offices in France, Spain, China, Japan and USA. The sales offices thus cover a wide range of the Group's international markets. The Group's presence in central markets allows it to follow up its key customers closely and to develop new customer relationships. The Group will be setting up more sales offices in coming years.

Apart from international sales and marketing, Hallvard Lerøy AS is also engaged in two other sectors, the distribution of fresh fish to parts of the Norwegian market - Division Norway, as well as a modern processing plant with freezing capacity - Lerøy Fryseri.

*"The Lerøy
counter"*

Fresh fish is distributed primarily in western Norway, but also in the important Oslo market, either directly to fresh fish counters (western Norway) through the firmly established "Lerøy counter" in supermarkets, or via fresh fish wholesalers in Oslo. The "Lerøy counter" is often used as a display window for Hallvard Lerøy AS' international customers, who are here presented with ideas



they can take back to their domestic markets. The concept of the "Lerøy counter" originated in the early 90's and means that Hallvard Lerøy A/S is responsible for supplying the products and training the staff serving at the counter.

Lerøy Fryseri is an efficient and modern processing plant located in Bergen and is mainly engaged in the processing and freezing of trout for the Japanese market. This work requires a high degree of efficiency and precision as Japanese customers place very high demands on end products. Lerøy Fryseri has a core of skilled and motivated workers.

TiMar Seafood AS

This company became a part of the Lerøy Group in May 2000 through a private placement with Hartog & Co AS. With its five employees, the company is located in Trondheim. The company's sales amounted to 282.9 million, with a pre-tax profit of NOK 0.8 million. TiMar Seafood AS is a company focused on exporting whole Atlantic salmon, mainly to markets within the EU. For this reason, the year 2001 was difficult for the company.

Nordvik SA

Nordvik SA is located in Bolougne in France and is one of France's most important importers of fresh fish. Nordvik SA is a well-run company with fifteen employees. The company's sales amounted to NOK 118.3 million in 2001, with a pre-tax profit of NOK 0.9 million. The improvement in the year's results compared to those in 2000 was substantial and shows that the steps taken have turned around several years of negative results. The work of improving the results of Nordvik SA continues with undiminished effort.

Lerøy Sweden

Lerøy Sweden is a collective term for the two Swedish companies Allt i Fisk AB and Fiskgrossisterna i Stockholm AB. These companies were first consolidated into the Group as of 1 October 2001. The companies had a total of about 90 employees at the time of the takeover, and a turnover of SEK 400.2 million, SEK 96.6 million of which was registered in the year's fourth quarter.

*Seafood
distribution*

Allt i Fisk AB, located in Gothenburg, is a full-range seafood company holding a strong position in the Swedish catering and large-scale household market. Fiskgrossisterna AB is located in Stockholm and is Stockholm's largest distributor of seafood, with a particularly high level of expertise in the supermarket trade. Sweden is an important market for the Lerøy Group, and these two companies have been close partners with Hallvard Lerøy AS for several years. The Lerøy Group's management is looking forward to continuing to develop the two companies together with their very able local management and the companies' motivated and competent employees.

Lerøy Quality Group AS

The 2001 income of Lerøy Quality Group AS amounted to NOK 0.9 million, with a pre-tax profit of NOK 0.6 million. Most of the company's operating expenses are due to the write-down of assets linked to shares in listed companies. Lerøy Quality Group AS is a continuation of the interest organisation Lerøy Quality Group (LQG), which was established in 1993. This company is owned by Hallvard Lerøy AS and several leading Atlantic salmon farmers. These fish farmers produce a substantial amount of the salmon sold by Lerøy Seafood Group. Lerøy Quality Group AS is a long-term financial investor in listed shares.

Breivoll Marine AS

In 2001, Breivoll Marine AS had a turnover of NOK 0.5 million and a pre-tax profit of NOK 0.4 million. Breivoll Marine AS is a property company that owns a fish processing plant on the island of Rolløya near Harstad. All production is handled by Breivoll Marine Produkter AS, in which the Lerøy Seafood Group is a minority shareholder.

2. Affiliated companies

Lerøy Seafood Group ASA has substantial ownership interests in several companies. Total investments in affiliated companies at 31 December 2001 were NOK 293.5 million. These investments did not provide a satisfactory return in 2001. The most significant reason for this was that the results of the two central companies Hydrotech-Gruppen AS and Norskott Havbruk AS were negatively affected by the very weak prices for Atlantic salmon and trout throughout most of the year. However, the company's investments in financial assets are expected to provide a satisfactory return in the long term. The company's cost price for these fixed assets indicate that the company will achieve a satisfactory yield if it is possible to achieve what in a historic perspective may be considered "normal prices" for Atlantic salmon.

Norskott Havbruk AS

Fifty percent of Norskott Havbruk AS is held by Lerøy Seafood Group ASA and the other fifty percent is owned by the fish farming company SalMar AS. Norskott Havbruk AS was set up in 2001 for the sole purpose of purchasing Norsk Hydro ASA's farming operations in the United Kingdom, Hydro Seafood GSP Ltd, a company that today bears the name of Scottish Sea Farms Ltd. Norskott Havbruk AS today owns 100 % of Scottish Sea Farms Ltd, the second largest fish farming company in the UK. Scottish Sea Farms Ltd has operations in Scotland and Shetland. The company has a production capacity of more than 25,000 tons of Atlantic salmon. In addition, the company's smolt production covers much of its own needs. The remainder of the company's need for smolt is covered by agreements with independent smolt producers. The company has two modern land-based plants for processing salmon, one in Scotland and the other in Shetland. Scottish Sea Farms Ltd, in co-operation with the company's able management and employees, is to be developed into a leading and cost-effective producer of Atlantic salmon within the EU. The company already holds a strong position in several high-quality market segments, such as under the respected brand name Label Rouge.

Hydrotech-Gruppen AS

Hydrotech-Gruppen AS is a medium-sized fish farming company located in Kristiansund. Lerøy Seafood Group ASA first became a shareholder in the company through a private placement (23 %) in 1999. Since then, Lerøy Seafood Group ASA has purchased further shares to bring it up to its present-day 39 % ownership interest. Hydrotech-Gruppen AS has 18 licenses for farming salmon and trout in the sea. Moreover, the company has licenses for the production of smolt and supplies smolt to other fish farms in Norway. The company's plant for processing salmon and trout in Kristiansund is a modern plant handling the company's total volume. In addition, the company has its own well boat company with two well boats. Hydrotech-Gruppen AS is one of Norway's largest producers of trout and despite very weak trout prices throughout the financial year, the company succeeded in operating at a profit. Both as shareholder and as a partner in the co-operation agreement between Hallvard Lerøy AS and Hydrotech-Gruppen AS, Lerøy Seafood Group together with the company's founder and management will do their best to ensure that Hydrotech-Gruppen AS continues its favourable development.

Egersund Fisk AS

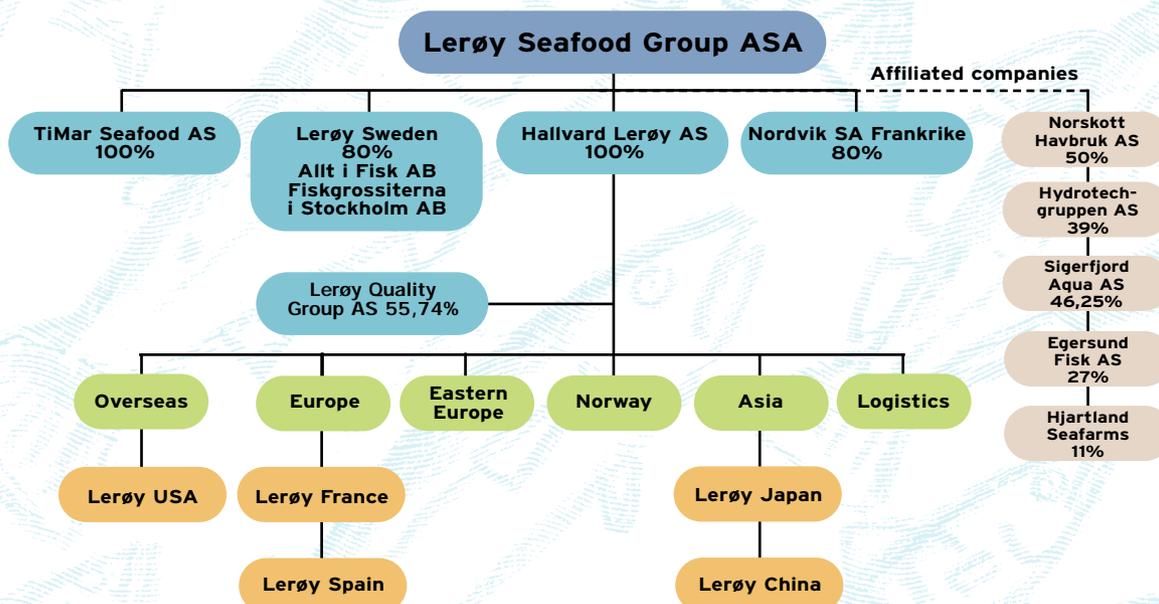
The shares in Egersund Fisk AS were acquired in January 2001. This investment underlines the Group's desire to be involved also in the field of pelagic fish. Egersund Fisk AS is located in Egersund, Norway's foremost fisheries port. The main companies in Egersund Fisk AS are Egersund Seafood AS and Egersund Sildoljefabrikk AS. Egersund Seafood AS is a processing plant for pelagic fish. The plant is well run and receives more than 30,000 tonnes of herring and mackerel a year.

Egersund Sildoljefabrikk AS produces fish meal and oil used mainly as raw material for farmed fish feeds. The company receives between 130,000 and 150,000 tonnes of marine raw material every year.

Sigerfjord Aqua AS

The company is Norway's largest Arctic char farm. Production this year will exceed 250 tonnes while total production of Arctic char in Norway will be about 400 tonnes. The company is still in the process of being built up, but substantial large-scale benefits are expected from the production of portion-sized Arctic char. The company's own production has risen sharply in recent years and production efficiency has improved substantially. Close cooperation with Hallvard Lerøy A/S on the marketing side provides good opportunities for steady and cost-effective distribution of the company's still modest volumes. Arctic char is an important article in the Swedish market and will therefore provide the Group's Swedish companies with more sales arguments.

The Lerøy Seafood Group corporate structure at 31 December 2001:



3. Priorities

Lerøy Seafood Group's vision is to be the leading, most profitable Norwegian supplier of seafood. To achieve this, the company must continue to focus particularly on:

- **Alliances**

Constantly develop and improve core operations based on long-term and committed alliances with both suppliers and customers to ensure cost-effective supplies of products adapted to the individual markets.

- **Market orientation**

Emphasize market orientation and forward-looking solutions that ensure profitability.

- **Quality**

Be a leading company in quality assurance to ensure customer satisfaction, and thus profitability.

- **Risk management**

Continue to develop systems for exposing risks in order to avoid an imbalance between risks and the demand for profitability.

- **Know-how**

Give priority to the development of internal competencies in all sectors and at all levels. Profitable growth requires improved competencies in the fields of management, strategic planning, incentive systems, financial management, new technology, product and market analysis as well as marketing.

This will ensure the best possible utilisation of the Group's resources and will maximize wealth creation for the company's shareholders, employees and important partners.

Group management



Øyvind Fossøy
Managing Director
Hallvard Lerøy AS



Ole-Eirik Lerøy
Group Managing Director
Lerøy Seafood Group ASA



Helge Singelstad
Group Financial Director
Lerøy Seafood Group ASA

Income Statement

All figures in NOK 1,000

Lerøy Seafood Group ASA			Notes	Lerøy Seafood Group Consolidated			
1999	2000	2001		2001	2000	1999	
			OPERATING REVENUES AND OPERATING EXPENSES				
1 629	1 794	2 391	Operating revenues	12	2 530 457	2 721 621	1 948 957
			Cost of materials		2 332 845	2 571 504	1 819 122
			Salaries and other personnel expenses	10,13	67 563	50 676	46 574
473	474	1 782	Other operating expenses		58 258	52 342	44 773
1 133	1 278	1 473	Ordinary depreciation and amortization	2,3	7 006	6 192	4 892
1 606	1 752	3 255	Total operating expenses		2 465 672	2 680 714	1 915 362
23	42	-864	Operating profit		64 785	40 907	33 595
			FINANCIAL INCOME AND FINANCIAL EXPENSES				
9 000	11 500	25 000	Income from investments in subsidiaries	8			
			Income from affiliated companies	4	-1 643	13 098	6 194
2 376	5 019	-109	Net financial items	14	-6 512	-2 255	-3 417
11 399	16 561	24 027	Profit before tax		56 630	51 750	36 373
-2 843	-4 281	-5 842	Taxation	11	-15 753	-11 341	-8 144
8 556	12 280	18 185	PROFIT FOR THE YEAR		40 877	40 409	28 228
8 556	12 280	18 185	Majority interests		39 281	40 039	27 653
			Minority interests		1 596	370	575
			Allocation:				
-415	616	6 521	Allocated to other equity	1			
8 971	11 664	11 664	Allocated to dividends payable				
			Earnings per share		2,10	2,30	1,89
			Diluted earnings per share		2,08	2,26	1,88

BALANCE SHEET

All figures in NOK 1,000

Lerøy Seafood Group ASA		Notes	Lerøy Seafood Group Consolidated	
2000	2001		2001	2000
		FIXED ASSETS		
209	508	Deferred tax assets	2 640	20
		Goodwill	13 412	6 469
209	508	Total intangible assets	16 052	6 489
		Operating equipment	17 425	10 119
18 151	20 039	Buildings and real estate	26 191	24 722
18 151	20 039	Total tangible fixed assets	43 616	34 841
12 652	11 724	Investments in shares	13 169	13 863
60 826	81 074	Shares in subsidiaries		
77 262	275 858	Shares in affiliated companies	293 507	96 554
		Pension assets	970	706
11 219		Loans to Group companies		
161 959	368 656	Total financial fixed assets	307 646	111 123
180 319	389 203	TOTAL FIXED ASSETS	367 314	152 453
		CURRENT ASSETS		
		Inventories	44 805	48 781
		Accounts receivable	255 234	349 412
51 304	39 000	Accounts receivable, Group		
3 087	1 575	Other receivables	85 261	84 505
54 391	40 575	Total receivables	340 495	433 917
		Shares and securities	2 253	1 515
3 683	3 492	Cash and equivalents	24 479	30 590
58 074	44 067	TOTAL CURRENT ASSETS	412 031	514 803
238 393	433 270	TOTAL ASSETS	779 345	667 256

BALANCE SHEET

All figures in NOK 1,000

Lerøy Seafood Group ASA		Notes	Lerøy Seafood Group Consolidated	
2000	2001		2001	2000
		EQUITY		
19 441	19 441	Share capital	19 441	19 441
-18	-53	Own shares	-53	-18
1 625		Additional paid-in capital		1 625
183 926	183 926	Share premium reserve	183 926	183 926
204 974	203 314	Total equity contributions	203 314	204 974
17 120	21 155	Other equity		
		Other consolidated capital	109 201	83 502
17 120	21 155	Total earned equity	109 201	83 502
		Minority interests	9 442	2 752
222 094	224 469	TOTAL EQUITY	321 957	291 228
		LIABILITIES		
		Pension liabilities	793	953
		Total accrued liabilities	793	953
165 000		Long-term debt	178 132	9 211
165 000		Total other long-term liabilities	178 132	9 211
165 000		Total long-term liabilities	178 925	10 164
		Accounts payable	196 968	265 053
		Short-term loans	12 058	53 984
	24 500	Accounts payable, Group companies		
		Public duties payable	7 534	5 944
4 542	6 140	Taxes payable	19 038	11 857
11 664	11 664	Dividends payable	11 664	11 664
93	1 497	Other short-term liabilities	31 202	17 362
16 299	43 801	Total short-term liabilities	278 464	365 864
238 393	433 270	TOTAL EQUITY AND LIABILITIES	779 345	667 256

Bergen, 21 March 2002
The Board of Lerøy Seafood Group ASA


Leif O. Strand


Hallvard Lerøy jr.


Svein Milford
(Chairman)


Fons Brusselmans


Hans Petter Vestre
(employee representative)


Ole-Eirik Lerøy
Group Managing Director
Lerøy Seafood Group ASA

Notes annual report 2001

Accounting principles:

The annual accounts have been prepared in accordance with the Accounting Act of 1998 and generally accepted accounting principles.

All figures in the notes are stated in NOK 1,000.

Principles of consolidation

The consolidated accounts comprise the parent company Lerøy Seafood Group ASA and its subsidiaries Hallvard Lerøy AS, Timar Seafood AS, Nordvik SA, Lerøy & Strudshavn AS, Lerøy Quality Group AS, Breivoll Marine AS and Fiskets Fryserier AB.

The consolidated accounts are drawn up according to uniform principles in that the subsidiaries apply the same accounting principles as the parent company. Intercompany transactions, accounts receivable and payable are eliminated. The income statements of overseas subsidiaries are converted at the average rate of exchange in the consolidated period. The balance sheets of foreign subsidiaries are converted at the rate of exchange on 31 December.

Conversion differences are booked against the Group's equity capital.

Upon acquisition of subsidiaries, the acquisition price of shares in the parent company is eliminated against the equity in the subsidiaries at the time of the acquisition. The difference between the acquisition price and net book value of assets at the time of acquisition is assigned to the assets to which the premium is linked within the market value of these assets. That part of the acquisition price that cannot be ascribed to specific assets represents goodwill. Goodwill is amortized over assumed economic life.

Minority interests

The minority share of the profit for the year is shown as a separate item in the consolidated accounts after the year's profit. The minority share of the group's equity capital is shown as a separate item in the consolidated equity capital.

Affiliated companies

Affiliated companies are companies in which the Group holds an interest of between 20 and 50%, and where the investment is long-term and of a strategic nature. In the consolidated accounts, affiliated companies are valued according to the equity method. The consolidated share of the results is based on the results of the affiliated companies after tax less internal

profits and any depreciation on premium due to the fact that the acquisition price of shares was higher than the acquired proportion of the booked equity. In the Income Statement, this profit is shown under Financial Items, while the assets are shown in the Balance Sheet under Financial assets. Insignificant affiliated companies are booked under investments in shares.

Operating revenues

Operating revenues are booked when earned. Revenues are therefore normally booked at the time of delivery. Fees, discounts, bonuses and other sales costs are deducted from the operating revenues.

Classification and assessment of balance sheet items

Current assets and short-term liabilities comprise items due for payment within one year, as well as items related to the trading cycle. Other items are classified as fixed assets/long-term liabilities.

Current assets are valued at the lower of acquisition cost and market value. Short-term liabilities are entered in the Balance Sheet at their nominal value at the time of establishment.

Fixed assets are valued at acquisition cost, but written down to market value if the decline in value is not considered to be temporary. Long-term liabilities are booked in the Balance Sheet at their nominal value at the time of establishment.

Accounts receivable

Accounts receivable and other receivables are booked in the Balance Sheet at face value less allocations for anticipated loss. Loss allocations are made on the basis of individual assessments of the various items. In addition, an unspecified allocation is made to cover anticipated loss.

Inventories

Inventories are valued at the lower of acquisition cost and assumed sales value less sales expenses.

Foreign currencies

Accounts receivable and payable in foreign currencies are valued at the rate of exchange at the end of the financial year. The company seeks to protect itself against fluctuations in exchange rates by means of various instruments, mainly forward contracts, which are also valued at the rate of exchange at the end of the financial year and booked against accounts receivable in the Balance Sheet.

Short-term investments

Short-term investments (shares assessed as current assets) are valued at the lower of average acquisition cost and market value at the end of the financial year. Dividends and other distributions received from the companies are booked under net financial items.

Long-term investments

Long-term investments (shares assessed as fixed assets) are booked in the Balance Sheet at acquisition cost. The investments are written down to market value if the decrease in value is not considered to be temporary. Dividends and other distributions received from the companies are booked under net financial items.

Fixed Assets

Fixed assets are booked in the accounts at acquisition cost less accumulated depreciation, and are depreciated linearly over assumed financial life. Similar principles are applied to Intangible Assets.

Pensions

The figures used for booking pensions are based on a linear earnings profile and anticipated final salary. Pension plan changes are amortized over the anticipated remaining contribution period. The same applies to deviations from the estimate to the degree that these exceed 10 % of the higher of pension liabilities and pension

assets (corridor). The employment tax contribution is included in these figures. Figures are based on actuarial calculations.

Taxation

Taxation in the Income Statement includes both the taxation during the period and changes in deferred tax. Deferred tax is calculated at a rate of 28% on the basis of the temporary differences that exist between financial and tax-related values, as well as the assessed deficit to be carried forward at the end of the financial year. Temporary tax-increasing and tax-decreasing differences which reverse or may reverse these figures in the same period have been assessed and booked at net value. The foreign subsidiaries do not assess net deferred tax assets.

Cash flow statement

The consolidated cash flow statement shows the total consolidated cash flow broken down by operating, investment and financing activities. Acquisitions of subsidiaries are considered an investment activity for the group and are shown separately with the deduction of cash reserves in the company acquired. The statement shows how the various activities affect cash reserves.

Note 1 Equity

The year's changes in equity

Lerøy Seafood Group ASA	Share capital	Own shares	Additional paid-in capital	Share premium reserve	Other equity	Total
Equity at 01.01.2001	19 441	-18	1 625	183 926	17 120	222 094
Own shares		-35	-1 625		-2 486	-4 146
Year's results transferred to equity					6 521	6 521
Equity at 31.12.2001	19 441	-53		183 926	21 155	224 469

	Lerøy Seafood Group ASA 2001	Lerøy Seafood Group ASA 2000	Lerøy Seafood Group Konsern 2001	Lerøy Seafood Group Konsern 2000
Equity at 01.01.	222 094	101 932	288 476	140 701
Year's results transferred to equity	6 521	616	28 426	28 375
Share issue		121 215		121 214
Costs of share issue		-2 712		-2 712
Gains/losses from sale of own shares	-4 146	1 043	-4 146	1 043
Foreign exchange differences			-241	-145
Equity before minority interests at 31.12	224 469	222 094	312 515	288 476
Minority interests			9 442	2 752
Equity after minority interests at 31.12			321 957	291 228

Own shares

In the year 2001, Lerøy Seafood Group ASA acquired 196,100 shares in the market for NOK 6.1 million, resulting in an average price per share of NOK 31.00. The shares have been used in part to honour option commitments, see also note 13. At 31 December 2001, the company holds 53,223 of its own shares, at the average price of NOK 32.6 per shares.

Note 2 Intangible assets

Lerøy Seafood Group Consolidated	Goodwill
Acquisition costs at 01.01.01	8 308
Intangible assets acquired	7 965
<hr/>	
Acquisition costs at 31.12.01	16 273
Accumulated amortization	2 861
<hr/>	
Book value at 31.12.01	13 412
<hr/>	
Year's amortization	1 022

Goodwill is linked to the last stage of the acquisition of the subsidiary Hallvard Lerøy AS in 1997, and to the acquisition of Timar Seafood AS in 2000. The increase in goodwill is derived from the acquisition of Fiskets Fryserier AB in 2001. Goodwill is amortized over anticipated life as deemed probable through acquisition analysis, though never over more than 10 years.

Note 3 Fixed assets

Lerøy Seafood Group ASA	Real estate	Buildings	Total fixed assets
Acquisition value at 01.01.01	2 090	30 038	32 128
Fixed assets acquired		3 361	3 361
<hr/>			
Acquisition value at 31.12.01	2 090	33 399	35 489
<hr/>			
Accumulated depreciation at 31.12.01		15 450	15 450
<hr/>			
Book value at 31.12.01	2 090	17 949	20 039
<hr/>			
Year's depreciation	1 473		1 473

Lerøy Seafood Group Consolidated	Real estate	Buildings	Machinery, production equipment	Fittings/ furnishing computers	Transport equipment	Total fixed assets
Acquisition value at 01.01.01	2 090	38 198	16 906	15 877	2 540	75 611
Value in excess of book value - acquisitions		6 681				6 681
Acquired subsidiaries				19 533		19 533
Operating equipment acquired		3 361	139	4 076	1 354	8 930
Fixed assets sold				115	553	668
<hr/>						
Acquisition costs at 31.12.01	2 090	48 240	17 045	39 371	3 341	110 087
<hr/>						
Accumulated depreciations at 31.12.01		22 463	12 759	28 141	1 432	64 795
Accumulated amortization of value in excess of book value - acquisitions		1 672				1 672
<hr/>						
Book value at 31.12.01	2 090	24 105	4 286	11 230	1 909	43 616
<hr/>						
Year's depreciation		1 891	1 206	2 447	440	5 984
Year's amortization, intangible assets (see. Note 2)						1 022
<hr/>						
Total year's depreciation						7 006

Both the parent company and the Group depreciate all fixed assets according to the linear method. The economic life of the assets is calculated as follows:

* Buildings and other real estate	20/25 years
* Machinery and fittings	2,5-10 years
* Land	not depreciated

Note 4 Subsidiaries, affiliated companies, etc

Subsidiary	Place of business	No. of shares	Ownership/ voting share	Acquisition value	Book value
Hallvard Lerøy AS	Bergen	230 000	100 %	36 657	36 657
TiMar Seafood AS	Trondheim	200	100 %	21 214	21 214
Lerøy Sverige	Gøteborg		80 %	20 248	20 248
Nordvik SA	Boulogne	2 000	80 %	2 523	2 523
Lerøy & Strudshavn AS	Bergen	96	100 %	233	233
Breivoll Marine AS	Hamnvik	260	52 %	200	200
Total Lerøy Seafood Group ASA				81 074	81 074
Lerøy Quality Group AS	Bergen	557	55 %	557	557
Total Lerøy Seafood Group Consolidated				81 632	81 632

Affiliated companies are valued according to the equity method in the consolidated accounts.

Analysis of changes in book value

Place of business	Hydrotech Gruppen AS Kristiansund	Egersund Fisk AS ¹⁾ Egersund	Sigerfjord Aqua AS Sigerfjord	Norskott Havbruk AS Bergen	TOTAL VALUE
Ownership/voting share	39 %	27 %	46 %	50 %	
Balance sheet equity at time of acquisition	39 228	20 000	1 280	163 273	223 781
Intangible assets	51 153		924		52 077
Acquisition value	90 381	20 000	2 205	163 273	275 858
Calculation of share in year's profit					
Share in year's profit	-236	1 548	-153		
Amortization of intangible assets	3 254				
Share in year's profit	-3 018	1 548	-153	-20	-1 643
Calculation of book value at 31.12.01					
Opening balance at 01.01.01	96 554	20 000	2 205	163 273	
Share in year's profit	-3 018	1 548	-153	-20	
Staged acquisition 2,73 %	13 118				
Closing balance at 31.12.01	106 654	21 548	2 052	163 253	293 507
Book value intangible assets at 31.12.01	46 545		924		47 469

Intangible assets consist of licenses and goodwill, where goodwill is amortized according to the linear method at a rate of 10% p.a.

Other shares	Place of business	No. of shares	Ownership/ voting share	Acquisition value	Book value
Hjaltland Seafarms AS	Austevoll		11,00 %	11 000	11 000
Breivoll Marine Produkter AS	Hamnvik	245	37,14 %	245	245
Åfjord Skjell AS	Åfjord	7 621	4,50 %	234	234
Misc. minor shareholdings				245	245
Total shares in the Lerøy Seafood Group				11 724	11 724
Bulandet Eiendom AS	Bulandet	625	12,67 %	625	625
Misc. minor shareholdings				1 570	820
Total shares owned by Lerøy Seafood Group				13 919	13 169

¹⁾ In connection with the establishment of Egersund Fisk AS, Lerøy Seafood Group ASA, together with SalMar AS, issued a "comfort letter" to the lender. A "comfort letter" places certain restrictions on the two main shareholders with regard to the use of the funds in Egersund Fisk AS, and a restriction on the ability of the two shareholders to freely utilize the shares in Egersund Fisk AS. These shareholders may incur a liability towards the lender if the provisions of the comfort letter are violated.

Note 5 Forward exchange contracts

Lerøy Seafood Group Consolidated

The table shows forward exchange contracts at 31.12.01.

All contracts concern the sale of currency against the Norwegian kroner.

	Value of forward contract in currency	Rate of exchange	Amount in NOK
USD	10 200	9,020	92 004
EURO	6 200	8,025	49 756
JPY	280 000	0,073	20 412
CAD	250	5,711	1 428
CHF	300	5,472	1 642
GBP	200	13,051	2 610
Total			167 852

Forward contracts together with drawing rights/deposits in multi-currency accounts have been arranged in order to, as far as possible, hedge risk on customer receivables and sales contracts.



Note 6 Accounts receivable and payable, mortgages and guarantees

Debt receivable, due in more than one year	Lerøy Seafood Group ASA		Lerøy Seafood Group Consolidated	
	2001	2000	2001	2000
Other short-term receivables	955	955	2 343	2 372
Other long-term receivables		10 784		
Total	955	11 739	2 343	2 372

Long-term debt payable, due in than 5 years	Lerøy Seafood Group ASA		Lerøy Seafood Group Consolidated	
	2001	2000	2001	2000
Loans from credit institutions ¹⁾	92 830		92 830	
Total	92 830		92 830	

1) Repayment plan:

First instalment due August 2003, then the loan is to be repaid over 8 years in equal half-yearly instalments. This is a floating rate loan.

Long term debt secured by mortgage	Lerøy Seafood Group ASA		Lerøy Seafood Group Consolidated	
	2001	2000	2001	2000
Loans from credit institutions ¹⁾	165 000		178 132	9 211
Total	165 000		178 132	9 211
Guarantees made on behalf of the group ²⁾	68 400		79 900	11 500

Mortgaged assets:

Accounts receivable			205 795	278 030
Inventories			32 339	46 735
Shares in subsidiaries	81 074	60 826	81 074	60 826
Shares in affiliated companies			163 253	
Buildings			20 039	18 151
Total	81 074	60 826	502 500	403 742
Total interest-bearing liabilities in the group			190 190	63 195

2) In connection with the funding of Scottish Sea Farms Ltd, subsidiary of the affiliated company Norskott AS, Lerøy Seafood Group ASA submitted a guarantee to the lender in the amount of GBP 5.0 mill.

In addition, Lerøy Seafood Group ASA has submitted a guarantee for the funding of Hjalmland Seafarms Ltd. for a total of NOK 3.4 mill.

The financial covenants for the long-term funding are that the consolidated equity ratio shall be more than 25 % and that the company's interest-bearing liabilities shall on average not exceed 5 in relation to EBITDA.

In addition, the Group has submitted guarantees for a total of NOK 11.5 million to various fish marketing boards in Norway. These guarantees are submitted on behalf of the subsidiary Hallvard Lerøy AS.

Note 7 Inventories

Lerøy Seafood Group Consolidated	2001	2000
Hallvard Lerøy AS	32 339	46 735
TiMar Seafood AS	789	1 562
Nordvik SA	1 507	484
Lerøy Sverige	10 170	
Total value consolidated Inventories	44 805	48 781

The group's inventories consist mainly of goods in transit for export. The inventories have been written down by NOK 3.4 million for obsolence at 31.12.01

Note 8 Intercompany accounts with companies in the same group and affiliated companies

Lerøy Seafood Group ASA

Debts and other receivables	2001	2000	1999
Hallvard Lerøy AS	39 000	11 815	60 998
TiMar Seafood AS		50 708	
Total	39 000	62 523	60 998

Debts and other payables	2001	2000	1999
Hallvard Lerøy AS	24 500		22 592
TiMar Seafood AS			
Total	24 500		22 592

Group contributions	2001	2000	1999
Hallvard Lerøy AS	25 000	10 000	9 000
TiMar Seafood AS		1 500	
Total	25 000	11 500	9 000

Note 9 Share capital and shareholder information

Lerøy Seafood Group ASA

The share capital consists of:

	No.	Face value	Book value
Shares	19 440 767	1	19 440 767
Total	19 440 767		19 440 767

At 31.12.01, Lerøy Seafood Group ASA had 279 shareholders.
All shares carry the same rights in the company.

Shareholders owning more than 1% of the stock at 31.12.01

	No. of shares	Ownership shar
Lerøy Ole-Eirik	5 135 000	26,41 %
Hartog & Co A/S	4 595 307	23,64 %
Lerøy Hallvard	1 690 900	8,70 %
Lerøy Knut Hallvard	1 462 310	7,52 %
SND Invest AS	1 296 118	6,67 %
Bremnes Fryseri AS	1 124 669	5,79 %
Tine Pensjonskasse	593 000	3,05 %
Verdipapirfondet Skagen Vekst	498 000	2,56 %
Lerøy George-Harald	480 000	2,47 %
Lime AS	457 273	2,35 %
SalMar AS	386 826	1,99 %
Alsaker Fjordbruk AS	341 640	1,76 %
Kos Bergen AS	306 640	1,58 %
Fjeldstad Trond	210 200	1,08 %
Others	862 884	4,44 %
	19 440 767	100 %

Through direct and indirect ownership, the Group Managing Director and Chief Executive Officer Ole-Eirik Lerøy controls a total of 5,592,273 shares. Moreover, Ole-Eirik Lerøy together with Board Member Hallvard Lerøy control 306.640 shares.

The Chairman of the Board Svein Milford controls 5,100 shares. Through direct ownership, Board Member Hallvard Lerøy controls 1,690,900 shares. Board Members Alfons Brusselmans and Hans Petter Vestre own 5,000 and 3,070 shares respectively.

Note 10 Pensions

The subsidiary Hallvard Lerøy AS has a group pension scheme for 99 of its employees, as well as an uninsured scheme for three of its former employees that is charged directly to operations. In addition, TiMar Seafood AS has a group scheme covering in all seven persons. The group scheme entitles beneficiaries to defined future benefits. These depend mainly on the number of contributing years, salary level upon retirement and the benefits payable by the national insurance scheme. The commitments are secured through an insurance company. The subsidiary Fiskets Fryserier AB has a contribution-based pension scheme for its employees.

	2001	2000	1999
Present value of pensions earned during the year	500	419	253
Interest expense on pension liability	258	253	219
Yield on pension assets	-372	-327	-244
Deviation from estimate booked to income	-23	-30	
Employment tax contribution	5	-10	-17
Net pension expense	368	306	210

	2001	2000	1999
Present value of future pension commitments	4 917	4 740	4 032
Pension assets	-5 910	-5 232	-3 957
Effect of deviation from estimate not booked to income	718	657	465
Employment tax contribution	98	82	107
Net pension liabilities (assets)	-177	247	647

As the group retirement pension scheme is overfunded, the Balance Sheet presents gross pensions.

	2001	2000	1 999
Pension assets	-970	-706	
Pension liabilities	793	953	647
	-177	247	647

Actuarial assumptions are based on those generally employed in insurance with regard to demographic factors and mortality rates.

Financial assumptions:

Anticipated yield on pension assets	7 %	7 %
Discount rate	6 %	6 %
Anticipated annual rate of increase in wages/pensions/national insurance base-rate adjustments	2 %	2 %
Turnover	0 %	0 %

Note 11 Taxation

The year's taxation is calculated as follows:	Lerøy Seafood Group ASA			Lerøy Seafood Group Consolidated		
	2001	2000	1999	2001	2000	1999
Tax payable	6 201	4586	3354	19 111	11 920	8 554
Credits on dividends	-61	-44	-65	-73	-63	-25
Deferred tax assets from acquisitions				347	394	
Insufficient allocation to tax in 1999				7	66	
Tax, foreign companies				-1 018	-85	
Change in deferred tax	-299	-261	-446	-2 621	-891	-385
Total taxation	5 842	4 281	2 843	15 753	11 341	8 144

Lerøy Seafood Group ASA	
Calculation of the base for the year's taxation:	
Pre-tax profits	24 027
Refund on interest on tax	-8
Costs of share issue, booked to equity	
Tax loss on sale of shares	-2 941
Change in temporary differences	1 070
Base for this year's taxation	22 148

Temporary differences:	Lerøy Seafood Group ASA			Lerøy Seafood Consolidated		
	2001	2000	1999	2001	2000	1999
Accounts receivable				-4 796	615	2 713
Inventories				-3 426	-1 531	-290
Buildings/fixed assets	-1 815	-745	190	109	2 198	4 275
Other differences				-10	-10	-10
Basis for deferred tax				-41	-350	6
Stocks and shares				-1 444	-750	-2 927
Pensions				177	-247	-647
Total	-1 815	-745	190	-9 431	-75	3 114
28 % deferred tax (- tax advantage)	-508	-209	53	-2 641	-20	873

Explanation of why the year's taxation does not amount to 28% of the pre-tax results:

	Lerøy Seafood Group ASA 2001	Lerøy Seafood Consolidated 2001
28 % of pre-tax results	6 728	15 856
Permanent differences (28 %)	-2	307
Share in results of affiliated companies (28%)		460
Deferred tax assets at takeover		347
Credits on dividends received		-73
Loss on share sales (28 %)	-823	-823
Deviation foreign tax		-321
Estimated taxation	5 903	15 753
Effective rate of taxation	24,30 %	27,80 %

Note 12 Operating revenues

Lerøy Seafood Group Consolidated	Share in 2001		Share in 2000		1999	Share in %
		%		%		
Products						
Whole salmon	1 261 161	49,8	1 579 852	58,0	1 097 371	56,3
Processed salmon	482 000	19,0	541 399	19,9	424 696	21,8
Pelagic fish	252 317	10,0	215 427	7,9	78 906	4,0
Fresh whitefish	202 551	8,0	155 525	5,7	176 595	9,1
Other species	154 657	6,1	75 192	2,8	37 683	1,9
Frozen whitefish	133 193	5,3	146 255	5,4	131 681	6,8
Others	44 578	1,8	7 972	0,3	2 025	0,1
Total	2 530 457	100	2 721 621	100	1 948 957	100

	Share in 2001		Share in 2000		1999	Share in %
		%		%		
Geographic distribution						
Europe	1 325 471	52,4	1 406 400	51,7	1 045 293	53,6
Japan, China and remaining Asia	576 546	22,8	695 792	25,6	504 641	25,9
Norway	240 454	9,5	266 948	9,8	110 222	5,7
Eastern Europe	210 620	8,3	138 685	5,1	75 080	3,9
USA/Canada	139 538	5,5	183 776	6,8	208 350	10,7
Others	37 828	1,5	30 020	1,1	5 371	0,3
Total	2 530 457	100	2 721 621	100	1 948 957	100

Note 13 Payroll expenses, no. of employees, remuneration, loans to staff, etc.

Lerøy Seafood Group Consolidated	2001	2000	1999
Payroll expenses			
Wages and salaries	58 305	44 182	40 541
Employment tax	8 316	6 018	5 708
Pension expenses	589	234	128
Other expenses	353	242	197
Total	67 563	50 676	46 574

At the end of the financial year, the Group as a whole had 253 employees.

Remuneration to executives	Group Managing Director	Chairman of the Board	Board of Directors
Salaries	707	100	210
Other payments	104		

Authorisations / options

At the Shareholders' Meeting in 2001, the Board of Directors was authorised to acquire own shares within the limits laid down in the Public Limited Companies Act. This authority replaces that granted by the Shareholders' Meeting on 12 May 2000.

At the Shareholders' Meeting in 2001, the Board of Directors in Lerøy Seafood Group ASA received an extension of the authorisation to issue 3.800.000 shares, each with a face value of NOK 1.00, to be used in private placements, mergers, or takeovers. The authorisation remains valid until 8 May 2003. This authority has not been used.

Moreover, at the Shareholders' Meeting in 2001, the Board of Directors was authorised to issue up to 1,100,000 shares to the Group's employees in connection with an option programme. This authority replaces earlier authorities granted on 4 May 1999 (500,000 shares) and 12 May 2000 (300,000 shares). The authority is valid until 8 May 2003.

As of 12 July 1999, the Board had allocated 452,000 options, each entitling the holder to acquire one share at an exercise price of NOK 12.00 per share. As of 31 December 2001, the rights to 161,000 of these options had been exercised. The Board has made use of the authority to buy own shares in order to honour the option contracts. The options in this programme may be exercised in stages, the first time for 30% of the options after the Shareholders' Meeting in 2000, then for 40 % and 30 % after the Shareholders' Meetings in 2001 and 2002 respectively.

Moreover, the Board has allocated 140,000 options in 2001, each entitling the holder to acquire one share at an exercise price of NOK 27.50 per share. These options may be exercised in stages, the first time after the Shareholders' Meeting in 2002, then one third of the options after the Shareholders' Meetings in 2003 and 2004, respectively. In all, the Board has thus issued 592,000 options as of 31 December 2001. The Board therefore still has authority to issue a further 508,000 options. Common to the option programmes for employees is that if the option holder leaves the company, any options not exercised will lapse.

The company has made appropriate accruals to cover future employment tax liabilities.

Loans to employees

At 31 December 2001, loans to employees amounted in all to NOK 0.6 million.

These loans are to be repaid over five years.

The interest rate at any time is the normal interest rate laid down by the authorities.

No loans/guarantees have been granted to the Group Managing Director or other members of the group management, Chairman of the Board or other closely related parties.

No individual loan/guarantee has been granted in an amount exceeding 5% of the company's equity.

Auditor

In 2001, the invoiced fees of the Group's auditors, PricewaterhouseCoopers DA, and other auditors were made up as follows:

	Lerøy Seafood Group ASA	Lerøy Seafood Group Consolidated
Group auditor	107	411
Other auditors		273
Technical assistance, group auditor	54	90
Technical assistance, other auditors		43
Other services, group auditor	738	961
Other services, other auditors		69
Total	899	1 847

Note 14 Items combined in the accounts

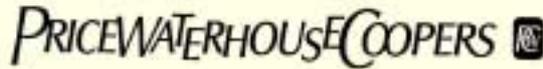
Financial income	Lerøy Seafood Group ASA			Lerøy Seafood Group Consolidated		
	2001	2000	1999	2001	2000	1999
Interest from group companies	1 638	4 150	3 100			
Other interest income	423	1 072	22	2 017	1 775	650
Profit on sale of shares	2 508			2 508		
Dividends	217	156	233		223	88
Total financial income	4 787	5 378	3 355	4 525	1 998	738

Financial expenses	Lerøy Seafood Group ASA			Lerøy Seafood Group Consolidated		
	2001	2000	1999	2001	2000	1999
Interest paid to group companies						
Other interest expenses	4 842	340	957	9 832	3 148	2 923
Other financial expenses	54	19	22	1 206	1 104	1 232
Total financial expenses	4 896	359	979	11 038	4 252	4 155

Net financial items	-109	5 019	2 376	-6 512	-2 255	-3 417
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Auditor's Report



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To the Annual Shareholders' Meeting of Leroy Seafood Group ASA

Auditor's report for 2001

We have audited the annual financial statements of Leroy Seafood Group ASA as of 31 December 2001, showing a profit of NOK 18.185.206 for the parent company and a profit of NOK 40.877.000 for the group. We have also audited the information in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit. The financial statements comprise the balance sheet, the statements of income and cash flows, the accompanying notes and the group accounts. These financial statements are the responsibility of the Company's Board of Directors and Managing Director. Our responsibility is to express an opinion on these financial statements and on other information according to the requirements of the Norwegian Act on Auditing and Auditors.

We conducted our audit in accordance with the Norwegian Act on Auditing and Auditors and auditing standards and practices generally accepted in Norway. Those standards and practices require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. To the extent required by law and auditing standards an audit also comprises a review of the management of the Company's financial affairs and its accounting and internal control systems. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- the financial statements have been prepared in accordance with the law and regulations and present the financial position of the Company and of the Group as of December 31, 2001, and the results of its operations and its cash flows for the year then ended, in accordance with accounting standards, principles and practices generally accepted in Norway
- the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of accounting information as required by law and accounting standards, principles and practices generally accepted in Norway
- the information given in the directors' report concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit are consistent with the financial statements and comply with the law and regulations.

Bergen, March 21, 2002

PricewaterhouseCoopers DA



Geir Inge Lunde

State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

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Seafood Experience

